



SCHOLARSHARE

CALIFORNIA'S 529 COLLEGE SAVINGS PLAN

SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN

Annual Report

June 30, 2013

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN**

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June 30, 2013**

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Independent Auditor's Report

To the Trustee of the Golden State ScholarShare College Savings Trust:

We have audited the accompanying financial statements of the Scholarshare College Savings Plan (the "Plan"), which comprise the Statement of Fiduciary Net Position as of June 30, 2013 and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Fiduciary Net Position of the ScholarShare College Savings Plan, at June 30, 2013, and the Changes in Fiduciary Net Position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Trust changed the accounting guidance used to prepare the financial statements from Financial Accounting Standards Board accounting principles to Governmental Accounting Standard Board accounting principles.

Other Matter

The accompanying Management's Discussion and Analysis on pages 4 through 6 are required by accounting principles generally accepted in the United States of America to supplement the basic financial



statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The accompanying supplemental information of the Statements of Net Position on pages 14 through 20, Statements of Operations on pages 22 through 28, Statements of Changes in Net Position on pages 30 through 36 and Financial Highlights on pages 38 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

September 24, 2013

SCHOLARSHARE COLLEGE SAVINGS PLAN DIRECT-SOLD PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Plan manager of the ScholarShare College Savings Plan Direct-Sold Plan (the "Plan"), TIAA-CREF Tuition Financing, Inc. ("TFI") offers readers of the Plan's financial statements this discussion and analysis of the financial performance for the year ended June 30, 2013. Readers should consider the information presented in this section in conjunction with the Plan's financial statements and notes to financial statements. The Plan is comprised of 19 investment portfolios (the "Portfolios") in which account owners ("Account Owners") may invest.

Financial Highlights

During the year ended June 30, 2013, the Portfolios within the Plan posted returns as follows:

<u>Active Age-Based Portfolio:</u>		<u>Passive Age-Based Portfolio:</u>	
Ages 0-4	16.54%	Ages 0-4	14.60%
Ages 5-8	14.73	Ages 5-8	12.76
Ages 9-10	13.02	Ages 9-10	10.82
Ages 11-12	11.42	Ages 11-12	8.76
Ages 13-14	9.71	Ages 13-14	6.78
Age 15	7.86	Age 15	5.19
Age 16	6.76	Age 16	4.34
Age 17	5.76	Age 17	3.69
Ages 18 & Over	4.55	Ages 18 & Over	3.03
 <u>Multi-Fund Investment Portfolios:</u>		 <u>Multi-Fund Investment Portfolios:</u>	
Active Diversified Equity Portfolio	19.98%	Passive Diversified Equity Portfolio	18.50%
Active Growth Portfolio	14.73	Passive Growth Portfolio	12.67
Active Moderate Growth Portfolio	9.70	Passive Moderate Growth Portfolio	6.80
Active Conservative Portfolio	2.03	Passive Conservative Portfolio	0.00
Active International Equity Portfolio	14.27	Passive Diversified Fixed Income Portfolio	(0.97)
Active Diversified Fixed Income Portfolio	3.01	Index International Equity Portfolio	14.99%
		 <u>Single Fund Investment Portfolios:</u>	
		Social Choice Portfolio	24.41
		Index Bond Portfolio	(1.07)
		Index U.S. Large Cap Equity Portfolio	20.31
		Index U.S. Equity Portfolio	21.37
		Principal Plus Interest Portfolio	1.49

The Plan received \$180.2 million in net contributions from Account Owners during the year ended June 30, 2013.

The Plan earned \$96.8 million of investment income and incurred \$4.5 million of operating expenses during the year ended June 30, 2013.

Overview of the Financial Statements

The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, as amended.

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Position presents information on the Plan's assets and liabilities, with the difference between the two reported as net position as of June 30, 2013. This statement, along with all of the Plan's financial statements, is prepared using the

accrual basis of accounting. Contributions are recognized when enrollment in the Plan is finalized; subsequent contributions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan’s assets changed during the most recent period. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future years.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Plan, which the State of California reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

Net position. The following are condensed Statements of Fiduciary Net Position as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Investments	\$ 5,046,337,511	\$ 4,417,380,583
Cash	626	25,424
Receivables	5,745,890	10,260,575
Total Assets	<u>5,052,084,027</u>	<u>4,427,666,582</u>
Payables	6,165,799	10,583,167
Total Liabilities	<u>6,165,799</u>	<u>10,583,167</u>
Total Net Position	<u>\$ 5,045,918,228</u>	<u>\$ 4,417,083,415</u>

Net position represents total contributions from Account Owners, plus the net increases (decreases) from operations, less withdrawals and expenses.

Investments are approximately 100% of total net position, and consist of 19 Portfolios, each of which invests in varying percentages in the TIAA-CREF Funds, other non-proprietary funds, and/or a funding agreement (“Funding Agreement”) issued by TIAA-CREF Life Insurance Company to the Board on behalf of the Plan. Other assets consist mainly of cash and receivables for securities sold, contributions, and accrued income. Liabilities consist mainly of payables for securities purchased, withdrawals, and accrued expenses.

Changes in net position. The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Additions:		
Subscriptions	\$ 2,351,935,861	\$ 5,506,112,923 ^{*,**}
Investment income	96,828,539	69,817,058
Net increase in fair value of investments	356,306,052	123,257,133
Total Additions	<u>2,805,070,452</u>	<u>5,699,187,114</u>
Deductions:		
Redemptions	(2,171,717,205)	(1,279,536,937)
Plan management fee	(2,259,217)	(1,283,381)
Administrative fee	(2,259,217)	(1,283,381)
Total Deductions	<u>(2,176,235,639)</u>	<u>(1,282,103,699)</u>
Changes in Net Position	628,834,813	4,417,083,415
Net Position - beginning of year	4,417,083,415	-
Net Position - end of year	<u>\$ 5,045,918,228</u>	<u>\$ 4,417,083,415</u>

* TFI and the ScholarShare Investment Board have entered into a Management Agreement under which TFI serves as Plan manager. TFI became the Plan manager on November 7, 2011. In connection with the change in plan manager to TFI, a total of \$3,986,863,411 was liquidated from the then current Portfolios of the Plan and was reinvested in new Portfolios.

** The assets of the ScholarShare Advisor College Savings Plan were transferred to the Plan on March 24, 2012. A total of \$174,104,113 was transferred into the Plan. These balances were reflected as subscriptions on the 2012 annual report Statement of Changes.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

ASSETS

Cash	\$ 626
Investments, at value (cost: \$4,610,175,468)	5,046,337,511
Dividends and interest receivable	3,142,468
Receivable from securities transactions	837,769
Receivable from Plan units sold	<u>1,765,653</u>
TOTAL ASSETS	<u>5,052,084,027</u>

LIABILITIES

Accrued Plan management fee	198,234
Accrued administrative fee	198,234
Payable for securities transactions	4,102,011
Payable for Plan units redeemed	<u>1,667,320</u>
TOTAL LIABILITIES	<u>6,165,799</u>

NET POSITION

Held in trust for Account Owners in the Plan	<u>\$ 5,045,918,228</u>
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See notes to financial statements

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

ADDITIONS

Subscriptions \$ 2,351,935,861

Investment income:

Interest 7,576,725

Dividends 89,251,814

Total investment income 96,828,539

Net increase in fair value of investments 356,306,052

Total additions 2,805,070,452

DEDUCTIONS

Redemptions (2,171,717,205)

Plan management fee (2,259,217)

Administrative fee (2,259,217)

Total deductions (2,176,235,639)

Changes in net position 628,834,813

Net position – beginning of year 4,417,083,415

Net position – end of year \$ 5,045,918,228

See notes to financial statements

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Organization and Significant Accounting Policies

The State of California created a higher education qualified tuition savings program (“Program”) to help people save for the costs of higher education. The ScholarShare College Savings Plan Direct - Sold Plan (the “Plan”) was implemented and is administered as part of the Program by the ScholarShare Investment Board (“Board”) as trustee of the Golden State ScholarShare College Savings Trust. The Board has the authority to enter into contracts for Plan management services, adopt regulations for the administration of the Plan and establish investment policies for the Plan. TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), and the Board have entered into a management agreement (“Management Agreement”) under which TFI serves as Plan manager. The Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (“Code”) and was established by the statute that created the Program, codified at sections 69980 to 69994 of the California Education Code and regulations promulgated thereunder, as amended. Investment portfolios (the “Portfolios” or individually “Portfolio”) allocations, and fees as approved by the Board, are described in the current Disclosure Booklet for the Plan.

The assets in the Principal Plus Interest Portfolio are allocated to a funding agreement (“Funding Agreement”) issued by TIAA-CREF Life Insurance Company (“TIAA-CREF Life”), a subsidiary of TIAA. The Funding Agreement provides to the Board on behalf of the Plan a return of principal plus a guaranteed minimum rate of interest and provides the opportunity for additional interest as may be declared periodically by TIAA-CREF Life. In addition, certain other Portfolios also invest some percentage of their allocation to a separate Funding Agreement.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the “Funds”).

Effective for the June 30, 2013 reporting period, the State of California has approved changing the accounting guidance used to prepare the Plan’s financial statements from Financial Accounting Standards Board accounting principles to Government Accounting Standards Board (“GASB”) accounting principles. Adopting GASB is preferable to provide the financial reporting consistent with the State of California’s government reporting. The net position and change in net position are not affected by the change in accounting principles; however, the format of the financial statements and the disclosures has been updated for GASB requirements.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB Statement No. 34 (“GASB 34”) which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Plan.

Investment valuation: All investments, excluding the Funding Agreements, are recorded at their estimated fair value as described in the Valuation of Investments note to the financial statements. The Funding Agreements are considered nonparticipating interest-earning investment contracts and are accounted for at cost. There is no impairment of the underlying issuer that affects the contracts.

Investments and investment income: Investment transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been made. The Plan is designed to constitute a qualified tuition program under Section 529 of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner (“Account Owner”) in the Portfolios are represented by Plan units. Subscriptions and redemptions are recorded upon receipt of Account Owner’s instructions in good order, based on the next determined net position value per unit (“Unit Value”). Unit Values for each Portfolio are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of the report. Total return is computed based on the Unit Value used for processing transactions. There are no distributions of net investment gains or net investment income to the Portfolio’s Account Owners or beneficiaries.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (continued)**

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any subscriptions to the Plan made by Account Owners and any exchanges within the Plan that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any redemptions to the Plan made by Account Owners and any exchanges within the Plan that result in a reinvestment of assets.

New accounting pronouncement: In June 2011, GASB issued GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (“GASB 63”). GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, which are financial statement elements distinct from assets and liabilities. GASB 63 also amends the net asset reporting requirements in GASB 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of net assets, and by changing the term “net assets” to “net position.” The Plan has adopted this new guidance beginning with the June 30, 2013 financial statements. Adoption of GASB 63 did not have any impact on the Plan’s financial statements, other than to change all references to “net assets” in the financial statements and note disclosures to “net position.”

Note 2 – Valuation of Investments

A description of the valuation techniques applied to the Plan’s investments follows:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date.

Funding Agreements: The Funding Agreements, to which the Principal Plus Interest Portfolio and certain other Portfolios allocate assets, are stated at the principal contributed and earnings credited less any withdrawals to date.

Note 3 – Plan Expenses

For its services as the Plan manager, TFI is paid an annual aggregate Plan management fee of 0.05% of the average daily net position of each Portfolio in the Plan (with the exception of the Principal Plus Interest Portfolio). In addition, Advisors is paid investment management fees on the underlying investments in the Funds.

For its services administering the Plan, each Portfolio (with the exception of the Principal Plus Interest Portfolio) pays to the Board an administrative fee at an annual rate of 0.05% of the average daily net position of the Portfolio.

No fee is charged on the assets invested in the Principal Plus Interest Portfolio; however, a fee is paid to TFI by TIAA-CREF Life. TIAA-CREF Life also pays the Board a fee equal to 0.05% of the average daily net position held by the Principal Plus Interest Portfolio.

Note 4 – Investments

Cash deposits: Cash deposits at June 30, 2013 were covered by federal depository insurance coverage.

Investments: As of June 30, 2013, net unrealized appreciation (depreciation) of Portfolio investments was \$436,162,043 consisting of gross unrealized appreciation of \$476,584,933 and gross unrealized depreciation of (\$40,422,890).

An Account Owner has an investment in a Portfolio and not a direct investment in any underlying mutual fund or other investment vehicle.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (continued)**

As of June 30, 2013, the Plan's investments consist of the following:

	<u>Units</u>		<u>Cost</u>		<u>Value</u>
TIAA-CREF Funds (Institutional Class):					
Bond Index Fund	80,252,155	\$	864,738,513	\$	852,277,879
Emerging Markets Equity Index Fund	9,572,161		94,847,368		93,328,569
Equity Index Fund	99,466,894		975,696,590		1,225,432,133
High-Yield Fund	12,122,156		118,673,636		123,403,548
Inflation-Linked Bond Fund	18,603,536		225,573,391		213,010,487
International Equity Index Fund	27,058,446		395,340,644		454,311,307
Real Estate Securities Fund	12,919,199		139,626,553		165,882,520
S&P 500 Index Fund	6,295,419		94,010,414		113,884,122
Small-Cap Equity Fund	2,529,425		36,504,143		43,657,869
Social Choice Equity Fund	6,341,385		69,241,079		86,876,978
Other Non-Proprietary Funds:					
DFA Emerging Markets Core Equity Portfolio	1,831,046		34,984,668		33,544,771
DFA Large Cap International Portfolio	7,958,207		144,523,009		154,389,210
PIMCO Income Institutional Fund	7,292,360		83,615,676		89,039,714
PIMCO Real Return Institutional Fund	6,630,640		80,990,850		74,263,173
PIMCO Total Return Institutional Fund	18,478,642		204,543,172		198,830,192
T. Rowe Price Institutional Floating Rate Fund	4,023,267		40,538,845		40,956,862
T. Rowe Price Institutional Large-Cap Growth Fund	8,858,676		157,392,059		189,309,913
T. Rowe Price Institutional Large-Cap Value Fund	12,424,443		161,021,124		205,624,530
TIAA-CREF Life Insurance Company:					
Funding Agreements	457,573,557		688,313,734		688,313,734
			<u>\$ 4,610,175,468</u>		<u>\$ 5,046,337,511</u>

Note 5 – Investment Risks

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Plan's Portfolios are uninsured and unregistered and are held by a custodian in the Plan's name.

Custodial credit risk: Custodial credit risk is the risk that in the event of a failure, the Plan deposits and investments may not be returned. An Account Owner has an investment in a Portfolio and not a direct investment in any underlying mutual fund or other investment vehicle to which funds in that Portfolio may be allocated. Because of this ownership structure, the custodial credit risk is mitigated.

Credit risk: The underlying mutual funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The underlying funds do not carry a formal credit quality rating. The underlying Funding Agreements are guaranteed insurance products issued by TIAA-CREF Life. TIAA-CREF Life had a Standard & Poor's credit rating of AA+ at June 30, 2013.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
NOTES TO FINANCIAL STATEMENTS (concluded)**

Interest rate risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. At June 30, 2013, the average maturities for the underlying fixed income mutual funds are as follows:

<u>Investment</u>	<u>Market Value</u>	<u>Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 852,277,879	6.95 years
High-Yield Fund	123,403,548	7.86 years
Inflation-Linked Bond Fund	213,010,487	8.59 years
Other Non-Proprietary Funds:		
PIMCO Income Institutional Fund	89,039,714	6.92 years
PIMCO Real Return Institutional Fund	74,263,173	9.22 years
PIMCO Total Return Institutional Fund	198,830,192	6.54 years
T. Rowe Price Institutional Floating Rate Fund	40,956,862	5.60 years

Foreign currency and investment risk: Foreign currency and investment risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Plan does not have any direct investment in foreign securities. Certain Plan Portfolios allocate assets to underlying mutual funds that are exposed to foreign currency and investment risk. At June 30, 2013, the value of investments in underlying mutual funds that primarily invest in foreign securities are as follows:

<u>Investment</u>	<u>Market Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Index Fund	\$ 93,328,569
International Equity Index Fund	454,311,307
Other Non-Proprietary Funds:	
DFA Emerging Markets Core Equity Portfolio	33,544,771
DFA Large Cap International Portfolio	154,389,210

Note 6 – Subsequent Event

On September 12, 2013, the Board approved a fee reduction to the Plan, which eliminates the administrative fee of 0.05% for the Portfolios in the Plan as listed below. The fee reduction is targeted to be effective mid-November 2013.

Passive Age-Based Portfolio	Passive Diversified Equity Portfolio
Passive Growth Portfolio	Passive Moderate Growth Portfolio
Passive Conservative Portfolio	Index International Equity Portfolio
Passive Diversified Fixed Income Portfolio	Index Bond Portfolio
Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio

SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the ScholarShare College Savings Plan Direct-Sold Plan (the "Plan"). It shows financial information relating to the investment portfolios, which are included in the Plan during the year ended June 30, 2013.

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF NET POSITION
JUNE 30, 2013**

Active Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Real Estate Securities Fund	\$ 7,154,974	13,086,695	4,509,684	3,585,154	2,990,716	1,170,462	935,392
Small-Cap Equity Fund	6,783,186	12,497,225	4,327,483	3,400,742	2,854,777	1,114,840	884,792
SUBTOTAL	<u>13,938,160</u>	<u>25,583,920</u>	<u>8,837,167</u>	<u>6,985,896</u>	<u>5,845,493</u>	<u>2,285,302</u>	<u>1,820,184</u>
Other Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	4,702,419	9,362,677	3,196,739	2,534,732	2,112,240	827,290	655,668
DFA Large Cap International Portfolio	22,382,719	42,716,568	14,690,772	11,588,049	9,688,207	3,801,237	3,003,005
PIMCO Income Institutional Fund	5,116,734	16,100,432	8,643,690	10,250,158	12,863,050	6,728,737	5,867,764
PIMCO Real Return Institutional Fund	3,963,720	13,286,155	7,088,132	8,408,535	10,538,989	5,506,568	4,806,187
PIMCO Total Return Institutional Fund	10,779,610	35,524,989	18,995,586	22,502,271	28,231,820	14,760,159	12,880,667
T. Rowe Price Inst. Floating Rate Fund	2,216,347	7,322,146	3,919,779	4,630,437	5,813,988	3,044,045	2,650,488
T. Rowe Price Inst. Large-Cap Growth Fund	29,268,658	54,331,038	18,719,565	14,800,698	12,368,516	4,852,297	3,856,669
T. Rowe Price Inst. Large-Cap Value Fund	32,714,449	59,047,377	20,428,972	16,134,277	13,500,835	5,299,245	4,203,242
SUBTOTAL	<u>111,144,656</u>	<u>237,691,382</u>	<u>95,683,235</u>	<u>90,849,157</u>	<u>95,117,645</u>	<u>44,819,578</u>	<u>37,923,690</u>
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	4,733,109	8,979,631
TOTAL INVESTMENTS	<u>125,082,816</u>	<u>263,275,302</u>	<u>104,520,402</u>	<u>97,835,053</u>	<u>100,963,138</u>	<u>51,837,989</u>	<u>48,723,505</u>
Cash	100	—	—	—	500	—	—
Dividends and interest receivable	55,904	166,651	91,110	105,270	133,805	74,531	68,409
Receivable from securities transactions	—	—	—	—	—	—	53,911
Receivable from Plan units sold	90,054	156,832	27,811	30,979	26,918	10,500	21,089
TOTAL ASSETS	<u>125,228,874</u>	<u>263,598,785</u>	<u>104,639,323</u>	<u>97,971,302</u>	<u>101,124,361</u>	<u>51,923,020</u>	<u>48,866,914</u>
LIABILITIES							
Accrued Plan management fee	5,559	10,769	4,372	3,986	4,174	2,164	2,013
Accrued administrative fee	5,559	10,769	4,372	3,986	4,174	2,164	2,013
Payable for securities transactions	97,355	292,048	104,698	136,250	156,933	85,031	68,409
Payable for Plan units redeemed	48,437	31,436	14,224	—	4,291	—	75,000
TOTAL LIABILITIES	<u>156,910</u>	<u>345,022</u>	<u>127,666</u>	<u>144,222</u>	<u>169,572</u>	<u>89,359</u>	<u>147,435</u>
NET POSITION	<u>\$ 125,071,964</u>	<u>263,253,763</u>	<u>104,511,657</u>	<u>97,827,080</u>	<u>100,954,789</u>	<u>51,833,661</u>	<u>48,719,479</u>
UNITS OUTSTANDING	<u>10,145,085</u>	<u>21,669,170</u>	<u>8,726,177</u>	<u>8,284,906</u>	<u>8,674,562</u>	<u>4,553,173</u>	<u>4,341,966</u>
NET POSITION VALUE PER UNIT	<u>\$ 12.33</u>	<u>12.15</u>	<u>11.98</u>	<u>11.81</u>	<u>11.64</u>	<u>11.38</u>	<u>11.22</u>
INVESTMENTS AT COST	<u>\$ 112,291,798</u>	<u>235,718,486</u>	<u>95,320,806</u>	<u>90,633,020</u>	<u>95,124,481</u>	<u>49,825,963</u>	<u>47,110,646</u>

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
726,091	1,291,936	35,451,104
692,397	1,227,918	33,783,360
<u>1,418,488</u>	<u>2,519,854</u>	<u>69,234,464</u>
509,008	934,852	24,835,625
2,341,029	4,200,923	114,412,509
4,197,782	7,663,154	77,431,501
3,806,452	7,234,277	64,639,015
10,220,694	19,231,092	173,126,888
2,105,954	3,950,293	35,653,477
2,992,740	5,298,151	146,488,332
2,699,845	4,776,022	158,804,264
<u>28,873,504</u>	<u>53,288,764</u>	<u>795,391,611</u>
<u>16,318,559</u>	<u>55,172,214</u>	<u>85,203,513</u>
46,610,551	110,980,832	949,829,588
—	—	600
60,038	122,530	878,248
—	48,165	102,076
7,224	26,871	398,278
<u>46,677,813</u>	<u>111,178,398</u>	<u>951,208,790</u>
1,935	4,246	39,218
1,935	4,246	39,218
63,962	122,530	1,127,216
3,300	75,037	251,725
<u>71,132</u>	<u>206,059</u>	<u>1,457,377</u>
<u>46,606,681</u>	<u>110,972,339</u>	<u>949,751,413</u>
<u>4,228,356</u>	<u>10,263,820</u>	
<u>11.02</u>	<u>10.81</u>	
<u>45,471,399</u>	<u>109,895,439</u>	<u>881,392,038</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF NET POSITION
JUNE 30, 2013**

Passive Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ 15,832,007	74,082,836	98,736,722	143,585,450	161,878,799	74,956,413	67,713,144
Emerging Markets Equity Index Fund	4,361,917	12,589,590	11,346,118	11,003,874	8,479,323	2,901,847	2,392,099
Equity Index Fund	63,380,856	182,081,221	157,443,906	144,560,237	110,238,949	35,805,951	29,593,947
High-Yield Fund	2,194,007	10,868,389	14,881,069	21,331,344	24,498,439	11,184,357	10,148,256
Inflation-Linked Bond Fund	3,648,322	18,041,774	25,209,471	37,889,644	42,324,384	19,244,673	17,564,977
International Equity Index Fund	21,914,957	63,178,980	55,624,436	53,107,835	40,607,527	13,933,403	11,441,551
Real Estate Securities Fund	6,823,947	19,796,598	17,090,538	14,872,554	12,356,988	4,241,219	3,491,908
SUBTOTAL	<u>118,156,013</u>	<u>380,639,388</u>	<u>380,332,260</u>	<u>426,350,938</u>	<u>400,384,409</u>	<u>162,267,863</u>	<u>142,345,882</u>
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	—	—	16,690,258	33,231,948
TOTAL INVESTMENTS	<u>118,156,013</u>	<u>380,639,388</u>	<u>380,332,260</u>	<u>426,350,938</u>	<u>400,384,409</u>	<u>178,958,121</u>	<u>175,577,830</u>
Cash	—	—	—	—	—	26	—
Dividends and interest receivable	36,548	172,398	225,185	319,634	356,947	178,207	173,053
Receivable from securities transactions	—	1,211	—	117,927	—	40,264	—
Receivable from Plan units sold	112,903	80,341	197,535	71,646	53,881	88,538	46,408
TOTAL ASSETS	<u>118,305,464</u>	<u>380,893,338</u>	<u>380,754,980</u>	<u>426,860,145</u>	<u>400,795,237</u>	<u>179,265,156</u>	<u>175,797,291</u>
LIABILITIES							
Accrued Plan management fee	5,214	16,623	16,141	17,741	16,394	7,328	7,089
Accrued administrative fee	5,214	16,623	16,141	17,741	16,394	7,328	7,089
Payable for securities transactions	125,220	172,398	361,190	319,634	406,128	178,206	183,043
Payable for Plan units redeemed	24,280	91,501	61,531	189,574	4,700	128,578	36,418
TOTAL LIABILITIES	<u>159,928</u>	<u>297,145</u>	<u>455,003</u>	<u>544,690</u>	<u>443,616</u>	<u>321,440</u>	<u>233,639</u>
NET POSITION	<u>\$ 118,145,536</u>	<u>380,596,193</u>	<u>380,299,977</u>	<u>426,315,455</u>	<u>400,351,621</u>	<u>178,943,716</u>	<u>175,563,652</u>
UNITS OUTSTANDING	<u>9,705,612</u>	<u>31,901,321</u>	<u>32,562,443</u>	<u>37,332,353</u>	<u>35,821,107</u>	<u>16,351,081</u>	<u>16,242,114</u>
NET POSITION VALUE PER UNIT	<u>\$ 12.17</u>	<u>11.93</u>	<u>11.68</u>	<u>11.42</u>	<u>11.18</u>	<u>10.94</u>	<u>10.81</u>
INVESTMENTS AT COST	<u>\$ 104,799,656</u>	<u>333,488,149</u>	<u>338,732,570</u>	<u>389,904,176</u>	<u>374,813,920</u>	<u>170,868,360</u>	<u>169,322,404</u>

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
47,922,277	105,578,109	790,285,757
1,759,344	3,735,093	58,569,205
24,780,497	51,200,461	799,086,025
7,650,271	16,655,053	119,411,185
13,134,937	29,070,633	206,128,815
8,475,129	17,615,581	285,899,399
2,578,307	5,393,990	86,646,049
<u>106,300,762</u>	<u>229,248,920</u>	<u>2,346,026,435</u>
<u>53,369,084</u>	<u>215,392,919</u>	<u>318,684,209</u>
159,669,846	444,641,839	2,664,710,644
—	—	26
154,214	389,565	2,005,751
—	324,119	483,521
38,309	102,960	792,521
<u>159,862,369</u>	<u>445,458,483</u>	<u>2,667,992,463</u>
6,679	17,183	110,392
6,679	17,183	110,392
170,673	389,564	2,306,056
21,850	427,079	985,511
<u>205,881</u>	<u>851,009</u>	<u>3,512,351</u>
<u>159,656,488</u>	<u>444,607,474</u>	<u>2,664,480,112</u>
<u>14,949,856</u>	<u>42,159,316</u>	
<u>10.68</u>	<u>10.55</u>	
<u>154,438,077</u>	<u>436,954,011</u>	<u>2,473,321,323</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF NET POSITION
JUNE 30, 2013**

	Active Diversified Equity Portfolio	Active Growth Portfolio	Active Moderate Growth Portfolio	Active Conservative Portfolio	Active International Equity Portfolio	Active Diversified Fixed Income Portfolio	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Real Estate Securities Fund	\$ 7,161,177	2,817,653	394,216	—	—	—	10,373,046
Small-Cap Equity Fund	6,807,774	2,676,279	390,456	—	—	—	9,874,509
SUBTOTAL	<u>13,968,951</u>	<u>5,493,932</u>	<u>784,672</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,247,555</u>
Other Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	4,985,045	1,976,885	305,508	—	1,441,708	—	8,709,146
DFA Large Cap International Portfolio	22,945,930	9,076,367	1,362,777	—	6,591,627	—	39,976,701
PIMCO Income Institutional Fund	—	3,444,815	1,710,696	3,356,075	—	3,096,627	11,608,213
PIMCO Real Return Institutional Fund	—	2,811,269	1,486,694	2,711,265	—	2,614,930	9,624,158
PIMCO Total Return Institutional Fund	—	7,541,060	3,932,443	7,297,391	—	6,932,410	25,703,304
T. Rowe Price Inst. Floating Rate Fund	—	1,552,604	816,650	1,502,741	—	1,431,390	5,303,385
T. Rowe Price Inst. Large-Cap Growth Fund	29,476,338	11,636,498	1,708,745	—	—	—	42,821,581
T. Rowe Price Inst. Large-Cap Value Fund	32,326,035	12,708,897	1,785,334	—	—	—	46,820,266
SUBTOTAL	<u>89,733,348</u>	<u>50,748,395</u>	<u>13,108,847</u>	<u>14,867,472</u>	<u>8,033,335</u>	<u>14,075,357</u>	<u>190,566,754</u>
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	13,886,298	—	—	13,886,298
TOTAL INVESTMENTS	<u>103,702,299</u>	<u>56,242,327</u>	<u>13,893,519</u>	<u>28,753,770</u>	<u>8,033,335</u>	<u>14,075,357</u>	<u>224,700,607</u>
Dividends and interest receivable	—	35,735	18,025	46,228	—	33,096	133,084
Receivable from securities transactions	30,736	—	—	—	—	—	30,736
Receivable from Plan units sold	21,991	21,602	8,077	4,424	1,904	2,010	60,008
TOTAL ASSETS	<u>103,755,026</u>	<u>56,299,664</u>	<u>13,919,621</u>	<u>28,804,422</u>	<u>8,035,239</u>	<u>14,110,463</u>	<u>224,924,435</u>
LIABILITIES							
Accrued Plan management fee	4,270	2,318	565	1,190	337	594	9,274
Accrued administrative fee	4,270	2,318	565	1,190	337	594	9,274
Payable for securities transactions	—	49,681	24,088	46,374	39	35,096	155,278
Payable for Plan units redeemed	52,728	7,656	2,012	4,278	1,861	10	68,545
TOTAL LIABILITIES	<u>61,268</u>	<u>61,973</u>	<u>27,230</u>	<u>53,032</u>	<u>2,574</u>	<u>36,294</u>	<u>242,371</u>
NET POSITION	<u>\$ 103,693,758</u>	<u>56,237,691</u>	<u>13,892,391</u>	<u>28,751,390</u>	<u>8,032,665</u>	<u>14,074,169</u>	<u>224,682,064</u>
UNITS OUTSTANDING	<u>8,185,863</u>	<u>4,628,556</u>	<u>1,181,896</u>	<u>2,724,043</u>	<u>692,171</u>	<u>1,284,143</u>	
NET POSITION VALUE PER UNIT	<u>\$ 12.67</u>	<u>12.15</u>	<u>11.75</u>	<u>10.55</u>	<u>11.61</u>	<u>10.96</u>	
INVESTMENTS AT COST	<u>\$ 86,835,906</u>	<u>50,090,504</u>	<u>13,588,981</u>	<u>28,945,106</u>	<u>7,943,837</u>	<u>14,435,125</u>	<u>201,839,459</u>

	Passive Diversified Equity Portfolio	Passive Growth Portfolio	Passive Moderate Growth Portfolio	Passive Conservative Portfolio	Passive Diversified Fixed Income Portfolio	Index International Equity Portfolio	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Bond Index Fund	\$ —	9,561,449	2,981,316	10,410,308	3,087,065	—	26,040,138
Emerging Markets Equity Index Fund	20,582,213	1,651,092	166,164	—	—	12,359,895	34,759,364
Equity Index Fund	294,960,771	22,215,748	2,172,068	—	—	—	319,348,587
High-Yield Fund	—	1,368,610	462,357	1,676,193	485,203	—	3,992,363
Inflation-Linked Bond Fund	—	2,357,797	817,559	2,858,365	847,951	—	6,881,672
International Equity Index Fund	99,875,385	7,938,057	776,872	—	—	59,821,594	168,411,908
Real Estate Securities Fund	30,764,585	2,423,685	224,051	—	—	—	33,412,321
SUBTOTAL	446,182,954	47,516,438	7,600,387	14,944,866	4,420,219	72,181,489	592,846,353
TIAA-CREF Life Insurance Company:							
Funding Agreement	—	—	—	14,852,075	—	—	14,852,075
TOTAL INVESTMENTS	446,182,954	47,516,438	7,600,387	29,796,941	4,420,219	72,181,489	607,698,428
Dividends and interest receivable	—	20,862	6,713	36,090	6,944	—	70,609
Receivable from securities transactions	109,684	—	—	7,653	—	—	117,337
Receivable from Plan units sold	51,711	63,096	7,147	2,606	615	12,986	138,161
TOTAL ASSETS	446,344,349	47,600,396	7,614,247	29,843,290	4,427,778	72,194,475	608,024,535
LIABILITIES							
Accrued Plan management fee	18,496	1,960	316	1,239	183	3,012	25,206
Accrued administrative fee	18,496	1,960	316	1,239	183	3,012	25,206
Payable for securities transactions	—	83,459	13,859	36,090	7,558	12,492	153,458
Payable for Plan units redeemed	161,395	500	—	10,259	—	495	172,649
TOTAL LIABILITIES	198,387	87,879	14,491	48,827	7,924	19,011	376,519
NET POSITION	\$ 446,145,962	47,512,517	7,599,756	29,794,463	4,419,854	72,175,464	607,648,016
UNITS OUTSTANDING	35,196,468	3,987,258	681,607	2,927,154	431,230	6,313,721	
NET POSITION VALUE PER UNIT	\$ 12.68	11.92	11.15	10.18	10.25	11.43	
INVESTMENTS AT COST	\$ 362,958,796	42,053,332	7,359,213	30,048,459	4,570,387	64,466,987	511,457,174

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF NET POSITION
JUNE 30, 2013**

	Social Choice Portfolio	Index Bond Portfolio	Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio	Principal Plus Interest Portfolio	Total
ASSETS						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Bond Index Fund	\$ —	35,951,984	—	—	—	35,951,984
Equity Index Fund	—	—	—	106,997,521	—	106,997,521
S&P 500 Index Fund	—	—	113,884,122	—	—	113,884,122
Social Choice Equity Fund	86,876,978	—	—	—	—	86,876,978
SUBTOTAL	86,876,978	35,951,984	113,884,122	106,997,521	—	343,710,605
TIAA-CREF Life Insurance Company:						
Funding Agreement	—	—	—	—	255,687,639	255,687,639
TOTAL INVESTMENTS	86,876,978	35,951,984	113,884,122	106,997,521	255,687,639	599,398,244
Dividends and interest receivable	—	54,776	—	—	—	54,776
Receivable from securities transactions	—	16,459	—	—	87,640	104,099
Receivable from Plan units sold	70,288	5,120	87,902	186,366	27,009	376,685
TOTAL ASSETS	86,947,266	36,028,339	113,972,024	107,183,887	255,802,288	599,933,804
LIABILITIES						
Accrued Plan management fee	3,578	1,497	4,678	4,391	—	14,144
Accrued administrative fee	3,578	1,497	4,678	4,391	—	14,144
Payable for securities transactions	37,955	54,776	85,284	181,988	—	360,003
Payable for Plan units redeemed	32,302	21,579	2,614	17,746	114,649	188,890
TOTAL LIABILITIES	77,413	79,349	97,254	208,516	114,649	577,181
NET POSITION	\$ 86,869,853	35,948,990	113,874,770	106,975,371	255,687,639	599,356,623
UNITS OUTSTANDING	6,603,845	3,537,970	8,579,665	8,050,057	24,947,462	
NET POSITION VALUE PER UNIT	\$ 13.15	10.16	13.27	13.29	10.25	
INVESTMENTS AT COST	\$ 69,241,078	36,436,508	94,010,414	86,789,835	255,687,639	542,165,474

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

Active Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
INVESTMENT INCOME							
Interest	\$ —	—	—	—	—	44,141	80,670
Dividends from underlying funds	2,798,784	5,306,208	2,418,646	2,459,148	2,781,532	1,412,456	1,164,372
TOTAL INCOME	<u>2,798,784</u>	<u>5,306,208</u>	<u>2,418,646</u>	<u>2,459,148</u>	<u>2,781,532</u>	<u>1,456,597</u>	<u>1,245,042</u>
EXPENSES							
Plan management fee	66,690	114,215	47,226	43,974	45,967	24,248	22,081
Investment management fee	66,690	114,215	47,226	43,974	45,967	24,248	22,081
TOTAL EXPENSES	<u>133,380</u>	<u>228,430</u>	<u>94,452</u>	<u>87,948</u>	<u>91,934</u>	<u>48,496</u>	<u>44,162</u>
NET INVESTMENT INCOME (LOSS)	<u>2,665,404</u>	<u>5,077,778</u>	<u>2,324,194</u>	<u>2,371,200</u>	<u>2,689,598</u>	<u>1,408,101</u>	<u>1,200,880</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	7,065,671	79,388	313,156	348,884	243,501	169,480	180,754
Realized gain distributions from underlying mutual funds	572,675	1,272,948	676,282	779,299	936,652	504,481	406,920
Net realized gain (loss) on total investments	<u>7,638,346</u>	<u>1,352,336</u>	<u>989,438</u>	<u>1,128,183</u>	<u>1,180,153</u>	<u>673,961</u>	<u>587,674</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>10,247,632</u>	<u>23,527,150</u>	<u>7,617,928</u>	<u>5,516,124</u>	<u>4,110,273</u>	<u>1,260,931</u>	<u>909,261</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>17,885,978</u>	<u>24,879,486</u>	<u>8,607,366</u>	<u>6,644,307</u>	<u>5,290,426</u>	<u>1,934,892</u>	<u>1,496,935</u>
NET INCREASE (DECREASE) IN NET POSITION FROM OPERATIONS	<u>\$ 20,551,382</u>	<u>29,957,264</u>	<u>10,931,560</u>	<u>9,015,507</u>	<u>7,980,024</u>	<u>3,342,993</u>	<u>2,697,815</u>

Age 17	Ages 18 & Over	Total
145,122	434,801	704,734
965,817	1,563,226	20,870,189
<u>1,110,939</u>	<u>1,998,027</u>	<u>21,574,923</u>
22,126	45,673	432,200
22,126	45,673	432,200
44,252	91,346	864,400
<u>1,066,687</u>	<u>1,906,681</u>	<u>20,710,523</u>
342,306	1,032,863	9,776,003
351,408	545,538	6,046,203
<u>693,714</u>	<u>1,578,401</u>	<u>15,822,206</u>
570,613	275,730	54,035,642
1,264,327	1,854,131	69,857,848
<u>2,331,014</u>	<u>3,760,812</u>	<u>90,568,371</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

Passive Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
INVESTMENT INCOME							
Interest	\$ —	—	—	—	—	157,940	305,500
Dividends from underlying funds	2,545,138	8,452,253	7,821,473	8,355,129	7,594,757	3,195,884	2,719,103
TOTAL INCOME	<u>2,545,138</u>	<u>8,452,253</u>	<u>7,821,473</u>	<u>8,355,129</u>	<u>7,594,757</u>	<u>3,353,824</u>	<u>3,024,603</u>
EXPENSES							
Plan management fee	62,397	206,468	192,602	204,260	185,529	85,204	81,454
Investment management fee	62,397	206,468	192,602	204,260	185,529	85,204	81,454
TOTAL EXPENSES	<u>124,794</u>	<u>412,936</u>	<u>385,204</u>	<u>408,520</u>	<u>371,058</u>	<u>170,408</u>	<u>162,908</u>
NET INVESTMENT INCOME (LOSS)	<u>2,420,344</u>	<u>8,039,317</u>	<u>7,436,269</u>	<u>7,946,609</u>	<u>7,223,699</u>	<u>3,183,416</u>	<u>2,861,695</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	7,103,641	14,299,267	5,769,713	2,858,411	1,763,497	1,563,721	1,076,540
Realized gain distributions from underlying mutual funds	399,018	1,262,765	1,092,719	1,091,982	923,208	377,248	311,916
Net realized gain (loss) on total investments	<u>7,502,659</u>	<u>15,562,032</u>	<u>6,862,432</u>	<u>3,950,393</u>	<u>2,686,705</u>	<u>1,940,969</u>	<u>1,388,456</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>7,163,963</u>	<u>26,308,923</u>	<u>24,722,458</u>	<u>21,103,073</u>	<u>13,261,595</u>	<u>3,248,996</u>	<u>2,401,305</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>14,666,622</u>	<u>41,870,955</u>	<u>31,584,890</u>	<u>25,053,466</u>	<u>15,948,300</u>	<u>5,189,965</u>	<u>3,789,761</u>
NET INCREASE (DECREASE) IN NET POSITION FROM OPERATIONS	<u>\$ 17,086,966</u>	<u>49,910,272</u>	<u>39,021,159</u>	<u>33,000,075</u>	<u>23,171,999</u>	<u>8,373,381</u>	<u>6,651,456</u>

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
508,969	1,884,686	2,857,095
<u>2,105,744</u>	<u>4,183,274</u>	<u>46,972,755</u>
<u>2,614,713</u>	<u>6,067,960</u>	<u>49,829,850</u>
76,751	196,586	1,291,251
<u>76,751</u>	<u>196,586</u>	<u>1,291,251</u>
<u>153,502</u>	<u>393,172</u>	<u>2,582,502</u>
<u>2,461,211</u>	<u>5,674,788</u>	<u>47,247,348</u>
312,486	2,863,910	37,611,186
<u>243,434</u>	<u>470,953</u>	<u>6,173,243</u>
<u>555,920</u>	<u>3,334,863</u>	<u>43,784,429</u>
<u>2,204,028</u>	<u>2,048,348</u>	<u>102,462,689</u>
<u>2,759,948</u>	<u>5,383,211</u>	<u>146,247,118</u>
<u>5,221,159</u>	<u>11,057,999</u>	<u>193,494,466</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

	Active Diversified Equity Portfolio	Active Growth Portfolio	Active Moderate Growth Portfolio	Active Conservative Portfolio	Active International Equity Portfolio	Active Diversified Fixed Income Portfolio	Total
INVESTMENT INCOME							
Interest	\$ —	—	—	131,648	—	—	131,648
Dividends from underlying funds	1,489,089	1,164,323	286,440	583,983	210,413	510,544	4,244,792
TOTAL INCOME	1,489,089	1,164,323	286,440	715,631	210,413	510,544	4,376,440
EXPENSES							
Plan management fee	46,200	25,222	4,742	13,911	3,588	6,390	100,053
Investment management fee	46,200	25,222	4,742	13,911	3,588	6,390	100,053
TOTAL EXPENSES	92,400	50,444	9,484	27,822	7,176	12,780	200,106
NET INVESTMENT INCOME (LOSS)	1,396,689	1,113,879	276,956	687,809	203,237	497,764	4,176,334
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	543,420	287,201	86,787	47,547	62,188	50,564	1,077,707
Realized gain distributions from underlying mutual funds	96,952	280,252	89,670	244,415	—	213,629	924,918
Net realized gain (loss) on total investments	640,372	567,453	176,457	291,962	62,188	264,193	2,002,625
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	14,421,258	5,016,317	187,680	(485,109)	560,639	(538,562)	19,162,223
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	15,061,630	5,583,770	364,137	(193,147)	622,827	(274,369)	21,164,848
NET INCREASE (DECREASE) IN NET POSITION FROM OPERATIONS	\$ 16,458,319	6,697,649	641,093	494,662	826,064	223,395	25,341,182

	Passive Diversified Equity Portfolio	Passive Growth Portfolio	Passive Moderate Growth Portfolio	Passive Conservative Portfolio	Passive Diversified Fixed Income Portfolio	Index International Equity Portfolio	Total
INVESTMENT INCOME							
Interest	\$ —	—	—	147,897	—	—	147,897
Dividends from underlying funds	8,176,013	862,310	124,703	326,846	87,037	1,859,259	11,436,168
TOTAL INCOME	<u>8,176,013</u>	<u>862,310</u>	<u>124,703</u>	<u>474,743</u>	<u>87,037</u>	<u>1,859,259</u>	<u>11,584,065</u>
EXPENSES							
Plan management fee	208,726	21,701	3,084	15,177	2,052	34,549	285,289
Investment management fee	208,726	21,701	3,084	15,177	2,052	34,549	285,289
TOTAL EXPENSES	<u>417,452</u>	<u>43,402</u>	<u>6,168</u>	<u>30,354</u>	<u>4,104</u>	<u>69,098</u>	<u>570,578</u>
NET INVESTMENT INCOME (LOSS)	<u>7,758,561</u>	<u>818,908</u>	<u>118,535</u>	<u>444,389</u>	<u>82,933</u>	<u>1,790,161</u>	<u>11,013,487</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	2,214,856	481,845	56,723	52,252	28,616	291,262	3,125,554
Realized gain distributions from underlying mutual funds	1,392,494	125,325	14,666	30,155	8,378	—	1,571,018
Net realized gain (loss) on total investments	<u>3,607,350</u>	<u>607,170</u>	<u>71,389</u>	<u>82,407</u>	<u>36,994</u>	<u>291,262</u>	<u>4,696,572</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>58,326,263</u>	<u>3,550,393</u>	<u>148,625</u>	<u>(538,305)</u>	<u>(185,218)</u>	<u>7,027,985</u>	<u>68,329,743</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>61,933,613</u>	<u>4,157,563</u>	<u>220,014</u>	<u>(455,898)</u>	<u>(148,224)</u>	<u>7,319,247</u>	<u>73,026,315</u>
NET INCREASE (DECREASE) IN NET POSITION FROM OPERATIONS	<u>\$ 69,692,174</u>	<u>4,976,471</u>	<u>338,549</u>	<u>(11,509)</u>	<u>(65,291)</u>	<u>9,109,408</u>	<u>84,039,802</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013**

	Social Choice Portfolio	Index Bond Portfolio	Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio	Principal Plus Interest Portfolio	Total
INVESTMENT INCOME						
Interest	\$ —	—	—	—	3,735,351	3,735,351
Dividends from underlying funds	1,455,397	683,380	2,147,218	1,441,915	—	5,727,910
TOTAL INCOME	1,455,397	683,380	2,147,218	1,441,915	3,735,351	9,463,261
EXPENSES						
Plan management fee	38,257	19,082	48,107	44,978	—	150,424
Investment management fee	38,257	19,082	48,107	44,978	—	150,424
TOTAL EXPENSES	76,514	38,164	96,214	89,956	—	300,848
NET INVESTMENT INCOME (LOSS)	1,378,883	645,216	2,051,004	1,351,959	3,735,351	9,162,413
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Net realized gain (loss) on investments in underlying fund shares	410,024	101,864	333,164	379,088	—	1,224,140
Realized gain distributions from underlying mutual funds	—	40,131	—	452,892	—	493,023
Net realized gain (loss) on total investments	410,024	141,995	333,164	831,980	—	1,717,163
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	14,848,915	(1,152,216)	15,450,093	15,145,968	—	44,292,760
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	15,258,939	(1,010,221)	15,783,257	15,977,948	—	46,009,923
NET INCREASE (DECREASE) IN NET POSITION FROM OPERATIONS	\$ 16,637,822	(365,005)	17,834,261	17,329,907	3,735,351	55,172,336

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Active Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
FROM OPERATIONS							
Net investment income (loss)	\$ 2,665,404	5,077,778	2,324,194	2,371,200	2,689,598	1,408,101	1,200,880
Net realized gain (loss) on investments	7,638,346	1,352,336	989,438	1,128,183	1,180,153	673,961	587,674
Net change in unrealized appreciation (depreciation) on total investments	<u>10,247,632</u>	<u>23,527,150</u>	<u>7,617,928</u>	<u>5,516,124</u>	<u>4,110,273</u>	<u>1,260,931</u>	<u>909,261</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>20,551,382</u>	<u>29,957,264</u>	<u>10,931,560</u>	<u>9,015,507</u>	<u>7,980,024</u>	<u>3,342,993</u>	<u>2,697,815</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	45,399,959	101,199,684	66,318,972	64,872,828	64,457,267	57,155,728	53,638,728
Redemptions	<u>(69,661,127)</u>	<u>(58,219,368)</u>	<u>(50,869,115)</u>	<u>(51,997,892)</u>	<u>(52,826,147)</u>	<u>(49,432,705)</u>	<u>(47,587,047)</u>
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>(24,261,168)</u>	<u>42,980,316</u>	<u>15,449,857</u>	<u>12,874,936</u>	<u>11,631,120</u>	<u>7,723,023</u>	<u>6,051,681</u>
NET INCREASE (DECREASE) IN NET POSITION	(3,709,786)	72,937,580	26,381,417	21,890,443	19,611,144	11,066,016	8,749,496
NET POSITION							
Beginning of year	<u>128,781,750</u>	<u>190,316,183</u>	<u>78,130,240</u>	<u>75,936,637</u>	<u>81,343,645</u>	<u>40,767,645</u>	<u>39,969,983</u>
End of year	<u>\$ 125,071,964</u>	<u>263,253,763</u>	<u>104,511,657</u>	<u>97,827,080</u>	<u>100,954,789</u>	<u>51,833,661</u>	<u>48,719,479</u>
UNITS							
Sold	3,903,544	8,685,478	5,721,514	5,620,700	5,620,789	5,068,030	4,809,279
Redeemed	<u>(5,929,626)</u>	<u>(4,990,293)</u>	<u>(4,368,121)</u>	<u>(4,497,397)</u>	<u>(4,611,639)</u>	<u>(4,375,291)</u>	<u>(4,271,729)</u>
NET INCREASE (DECREASE)	<u>(2,026,082)</u>	<u>3,695,185</u>	<u>1,353,393</u>	<u>1,123,303</u>	<u>1,009,150</u>	<u>692,739</u>	<u>537,550</u>

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
1,066,687	1,906,681	20,710,523
693,714	1,578,401	15,822,206
<u>570,613</u>	<u>275,730</u>	<u>54,035,642</u>
<u>2,331,014</u>	<u>3,760,812</u>	<u>90,568,371</u>
51,353,654	56,243,887	560,640,707
<u>(47,486,810)</u>	<u>(33,918,077)</u>	<u>(461,998,288)</u>
<u>3,866,844</u>	<u>22,325,810</u>	<u>98,642,419</u>
6,197,858	26,086,622	189,210,790
<u>40,408,823</u>	<u>84,885,717</u>	<u>760,540,623</u>
<u>46,606,681</u>	<u>110,972,339</u>	<u>949,751,413</u>
4,691,225	5,232,581	49,353,140
<u>(4,339,876)</u>	<u>(3,178,772)</u>	<u>(40,562,744)</u>
<u>351,349</u>	<u>2,053,809</u>	<u>8,790,396</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Passive Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
FROM OPERATIONS							
Net investment income (loss)	\$ 2,420,344	8,039,317	7,436,269	7,946,609	7,223,699	3,183,416	2,861,695
Net realized gain (loss) on investments	7,502,659	15,562,032	6,862,432	3,950,393	2,686,705	1,940,969	1,388,456
Net change in unrealized appreciation (depreciation) on total investments	<u>7,163,963</u>	<u>26,308,923</u>	<u>24,722,458</u>	<u>21,103,073</u>	<u>13,261,595</u>	<u>3,248,996</u>	<u>2,401,305</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>17,086,966</u>	<u>49,910,272</u>	<u>39,021,159</u>	<u>33,000,075</u>	<u>23,171,999</u>	<u>8,373,381</u>	<u>6,651,456</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	39,705,297	103,475,901	198,541,452	235,780,444	233,261,277	189,959,319	185,519,124
Redemptions	<u>(58,292,529)</u>	<u>(180,579,529)</u>	<u>(219,311,764)</u>	<u>(215,593,895)</u>	<u>(190,585,011)</u>	<u>(180,132,858)</u>	<u>(164,927,386)</u>
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>(18,587,232)</u>	<u>(77,103,628)</u>	<u>(20,770,312)</u>	<u>20,186,549</u>	<u>42,676,266</u>	<u>9,826,461</u>	<u>20,591,738</u>
NET INCREASE (DECREASE) IN NET POSITION	(1,500,266)	(27,193,356)	18,250,847	53,186,624	65,848,265	18,199,842	27,243,194
NET POSITION							
Beginning of year	<u>119,645,802</u>	<u>407,789,549</u>	<u>362,049,130</u>	<u>373,128,831</u>	<u>334,503,356</u>	<u>160,743,874</u>	<u>148,320,458</u>
End of year	<u>\$ 118,145,536</u>	<u>380,596,193</u>	<u>380,299,977</u>	<u>426,315,455</u>	<u>400,351,621</u>	<u>178,943,716</u>	<u>175,563,652</u>
UNITS							
Sold	3,434,189	9,023,089	17,469,131	21,002,046	21,074,459	17,444,571	17,230,642
Redeemed	<u>(4,991,904)</u>	<u>(15,653,465)</u>	<u>(19,242,179)</u>	<u>(19,189,918)</u>	<u>(17,216,431)</u>	<u>(16,548,884)</u>	<u>(15,309,887)</u>
NET INCREASE (DECREASE)	<u>(1,557,715)</u>	<u>(6,630,376)</u>	<u>(1,773,048)</u>	<u>1,812,128</u>	<u>3,858,028</u>	<u>895,687</u>	<u>1,920,755</u>

<u>Age 17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
2,461,211	5,674,788	47,247,348
555,920	3,334,863	43,784,429
<u>2,204,028</u>	<u>2,048,348</u>	<u>102,462,689</u>
<u>5,221,159</u>	<u>11,057,999</u>	<u>193,494,466</u>
170,791,501	179,921,912	1,536,956,227
<u>(159,830,758)</u>	<u>(139,459,804)</u>	<u>(1,508,713,534)</u>
<u>10,960,743</u>	<u>40,462,108</u>	<u>28,242,693</u>
16,181,902	51,520,107	221,737,159
<u>143,474,586</u>	<u>393,087,367</u>	<u>2,442,742,953</u>
<u>159,656,488</u>	<u>444,607,474</u>	<u>2,664,480,112</u>
16,044,606	17,118,129	139,840,862
<u>(15,025,699)</u>	<u>(13,337,276)</u>	<u>(136,515,643)</u>
<u>1,018,907</u>	<u>3,780,853</u>	<u>3,325,219</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Active Diversified Equity Portfolio	Active Growth Portfolio	Active Moderate Growth Portfolio	Active Conservative Portfolio	Active International Equity Portfolio	Active Diversified Fixed Income Portfolio	Total
FROM OPERATIONS							
Net investment income (loss)	\$ 1,396,689	1,113,879	276,956	687,809	203,237	497,764	4,176,334
Net realized gain (loss) on investments	640,372	567,453	176,457	291,962	62,188	264,193	2,002,625
Net change in unrealized appreciation (depreciation) on total investments	14,421,258	5,016,317	187,680	(485,109)	560,639	(538,562)	19,162,223
NET INCREASE (DECREASE) FROM OPERATIONS	16,458,319	6,697,649	641,093	494,662	826,064	223,395	25,341,182
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	18,095,590	13,836,549	10,236,527	7,191,768	2,467,553	6,518,194	58,346,181
Redemptions	(12,336,902)	(8,381,954)	(1,709,827)	(5,124,949)	(1,213,464)	(2,995,658)	(31,762,754)
NET INCREASE (DECREASE) FROM TRANSACTIONS	5,758,688	5,454,595	8,526,700	2,066,819	1,254,089	3,522,536	26,583,427
NET INCREASE (DECREASE) IN NET POSITION	22,217,007	12,152,244	9,167,793	2,561,481	2,080,153	3,745,931	51,924,609
NET POSITION							
Beginning of year	81,476,751	44,085,447	4,724,598	26,189,909	5,952,512	10,328,238	172,757,455
End of year	\$ 103,693,758	56,237,691	13,892,391	28,751,390	8,032,665	14,074,169	224,682,064
UNITS							
Sold	1,538,504	1,194,294	887,570	675,775	214,250	584,293	5,094,686
Redeemed	(1,065,024)	(729,938)	(146,239)	(482,447)	(108,012)	(270,572)	(2,802,232)
NET INCREASE (DECREASE)	473,480	464,356	741,331	193,328	106,238	313,721	2,292,454

	Passive Diversified Equity Portfolio	Passive Growth Portfolio	Passive Moderate Growth Portfolio	Passive Conservative Portfolio	Passive Diversified Fixed Income Portfolio	Index International Equity Portfolio	Total
FROM OPERATIONS							
Net investment income (loss)	\$ 7,758,561	818,908	118,535	444,389	82,933	1,790,161	11,013,487
Net realized gain (loss) on investments	3,607,350	607,170	71,389	82,407	36,994	291,262	4,696,572
Net change in unrealized appreciation (depreciation) on total investments	<u>58,326,263</u>	<u>3,550,393</u>	<u>148,625</u>	<u>(538,305)</u>	<u>(185,218)</u>	<u>7,027,985</u>	<u>68,329,743</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>69,692,174</u>	<u>4,976,471</u>	<u>338,549</u>	<u>(11,509)</u>	<u>(65,291)</u>	<u>9,109,408</u>	<u>84,039,802</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	42,035,254	9,283,608	4,236,442	6,947,692	2,776,084	10,547,353	75,826,433
Redemptions	<u>(48,093,724)</u>	<u>(6,148,518)</u>	<u>(1,223,371)</u>	<u>(7,627,919)</u>	<u>(1,456,025)</u>	<u>(9,475,742)</u>	<u>(74,025,299)</u>
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>(6,058,470)</u>	<u>3,135,090</u>	<u>3,013,071</u>	<u>(680,227)</u>	<u>1,320,059</u>	<u>1,071,611</u>	<u>1,801,134</u>
NET INCREASE (DECREASE) IN NET POSITION	63,633,704	8,111,561	3,351,620	(691,736)	1,254,768	10,181,019	85,840,936
NET POSITION							
Beginning of year	<u>382,512,258</u>	<u>39,400,956</u>	<u>4,248,136</u>	<u>30,486,199</u>	<u>3,165,086</u>	<u>61,994,445</u>	<u>521,807,080</u>
End of year	\$ <u>446,145,962</u>	<u>47,512,517</u>	<u>7,599,756</u>	<u>29,794,463</u>	<u>4,419,854</u>	<u>72,175,464</u>	<u>607,648,016</u>
UNITS							
Sold	3,555,852	803,481	384,540	674,351	263,426	943,477	6,625,127
Redeemed	<u>(4,099,846)</u>	<u>(538,971)</u>	<u>(109,744)</u>	<u>(741,084)</u>	<u>(138,020)</u>	<u>(865,988)</u>	<u>(6,493,653)</u>
NET INCREASE (DECREASE)	<u>(543,994)</u>	<u>264,510</u>	<u>274,796</u>	<u>(66,733)</u>	<u>125,406</u>	<u>77,489</u>	<u>131,474</u>

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Social Choice Portfolio	Index Bond Portfolio	Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio	Principal Plus Interest Portfolio	Total
FROM OPERATIONS						
Net investment income (loss)	\$ 1,378,883	645,216	2,051,004	1,351,959	3,735,351	9,162,413
Net realized gain (loss) on investments	410,024	141,995	333,164	831,980	—	1,717,163
Net change in unrealized appreciation (depreciation) on total investments	14,848,915	(1,152,216)	15,450,093	15,145,968	—	44,292,760
NET INCREASE (DECREASE) FROM OPERATIONS	16,637,822	(365,005)	17,834,261	17,329,907	3,735,351	55,172,336
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	8,993,972	6,488,484	26,419,818	23,901,403	54,362,636	120,166,313
Redemptions	(7,831,636)	(8,672,718)	(10,955,317)	(10,536,143)	(57,221,516)	(95,217,330)
NET INCREASE (DECREASE) FROM TRANSACTIONS	1,162,336	(2,184,234)	15,464,501	13,365,260	(2,858,880)	24,948,983
NET INCREASE (DECREASE) IN NET POSITION	17,800,158	(2,549,239)	33,298,762	30,695,167	876,471	80,121,319
NET POSITION						
Beginning of year	69,069,695	38,498,229	80,576,008	76,280,204	254,811,168	519,235,304
End of year	\$ 86,869,853	35,948,990	113,874,770	106,975,371	255,687,639	599,356,623
UNITS						
Sold	747,881	624,129	2,182,153	1,965,761	5,342,284	10,862,208
Redeemed	(675,495)	(834,196)	(910,411)	(880,301)	(5,629,110)	(8,929,513)
NET INCREASE (DECREASE)	72,386	(210,067)	1,271,742	1,085,460	(286,826)	1,932,695

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**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2013**

Active Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR							
Net position value, beginning of year	\$ 10.58	10.59	10.60	10.60	10.61	10.56	10.51
Gain (loss) from investment operations:							
Net investment income(a)	0.23	0.26	0.28	0.31	0.33	0.33	0.30
Net realized and unrealized gain on investments	<u>1.52</u>	<u>1.30</u>	<u>1.10</u>	<u>0.90</u>	<u>0.70</u>	<u>0.49</u>	<u>0.41</u>
Total gain from investment operations	<u>1.75</u>	<u>1.56</u>	<u>1.38</u>	<u>1.21</u>	<u>1.03</u>	<u>0.82</u>	<u>0.71</u>
Net position value, end of year	<u>\$ 12.33</u>	<u>12.15</u>	<u>11.98</u>	<u>11.81</u>	<u>11.64</u>	<u>11.38</u>	<u>11.22</u>
TOTAL RETURN	<u>16.54%</u>	<u>14.73%</u>	<u>13.02%</u>	<u>11.42%</u>	<u>9.71%</u>	<u>7.86%</u>	<u>6.76%</u>
RATIOS AND SUPPLEMENTAL DATA							
Net position at end of period (in thousands)	\$ 125,072	263,254	104,512	97,827	100,955	51,834	48,719
Ratio of expenses to average net position(b)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net position	2.00%	2.22%	2.46%	2.70%	2.93%	2.90%	2.72%

(a) Based on average units outstanding.

(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and other non-proprietary funds

<u>Age 17</u>	<u>Ages 18 & Over</u>
10.42	10.34
0.26	0.22
<u>0.34</u>	<u>0.25</u>
<u>0.60</u>	<u>0.47</u>
<u>11.02</u>	<u>10.81</u>
<u>5.76%</u>	<u>4.55%</u>

46,607	110,972
0.10%	0.10%
2.41%	2.09%

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2013**

Passive Age-Based Portfolio

	<u>Ages 0-4</u>	<u>Ages 5-8</u>	<u>Ages 9-10</u>	<u>Ages 11-12</u>	<u>Ages 13-14</u>	<u>Age 15</u>	<u>Age 16</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR							
Net position value, beginning of year	\$ 10.62	10.58	10.54	10.50	10.47	10.40	10.36
Gain (loss) from investment operations:							
Net investment income(a)	0.22	0.22	0.22	0.22	0.21	0.20	0.19
Net realized and unrealized gain on investments	<u>1.33</u>	<u>1.13</u>	<u>0.92</u>	<u>0.70</u>	<u>0.50</u>	<u>0.34</u>	<u>0.26</u>
Total gain from investment operations	<u>1.55</u>	<u>1.35</u>	<u>1.14</u>	<u>0.92</u>	<u>0.71</u>	<u>0.54</u>	<u>0.45</u>
Net position value, end of year	<u>\$ 12.17</u>	<u>11.93</u>	<u>11.68</u>	<u>11.42</u>	<u>11.18</u>	<u>10.94</u>	<u>10.81</u>
TOTAL RETURN	<u>14.60%</u>	<u>12.76%</u>	<u>10.82%</u>	<u>8.76%</u>	<u>6.78%</u>	<u>5.19%</u>	<u>4.34%</u>
RATIOS AND SUPPLEMENTAL DATA							
Net position at end of period (in thousands)	\$ 118,146	380,596	380,300	426,315	400,352	178,944	175,564
Ratio of expenses to average net position(b)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net position	1.94%	1.95%	1.93%	1.95%	1.95%	1.87%	1.76%

(a) Based on average units outstanding.

(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and other non-proprietary funds

<u>Age 17</u>	<u>Ages 18 & Over</u>
10.30	10.24
0.17	0.15
<u>0.21</u>	<u>0.16</u>
<u>0.38</u>	<u>0.31</u>
<u>10.68</u>	<u>10.55</u>
<u>3.69%</u>	<u>3.03%</u>

159,656	444,607
0.10%	0.10%
1.60%	1.44%

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2013**

	Active Diversified Equity Portfolio	Active Growth Portfolio	Active Moderate Growth Portfolio	Active Conservative Portfolio	Active International Equity Portfolio	Active Diversified Fixed Income Portfolio
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 10.56	10.59	10.72	10.35	10.16	10.64
Gain (loss) from investment operations:						
Net investment income(a)	0.18	0.26	0.34	0.26	0.32	0.44
Net realized and unrealized gain (loss) on investments	1.93	1.30	0.69	(0.06)	1.13	(0.12)
Total gain from investment operations	2.11	1.56	1.03	0.20	1.45	0.32
Net position value, end of year	\$ 12.67	12.15	11.75	10.55	11.61	10.96
TOTAL RETURN	19.98%	14.73%	9.70%	2.03%	14.27%	3.01%
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 103,694	56,238	13,892	28,751	8,033	14,074
Ratio of expenses to average net position(b)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net position	1.51%	2.21%	2.92%	2.47%	2.83%	3.89%

(a) Based on average units outstanding.

(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and other non-proprietary funds

	Passive Diversified Equity Portfolio	Passive Growth Portfolio	Passive Moderate Growth Portfolio	Passive Conservative Portfolio	Passive Diversified Fixed Income Portfolio	Index International Equity Portfolio
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net position value, beginning of year	\$ 10.70	10.58	10.44	10.18	10.35	9.94
Gain (loss) from investment operations:						
Net investment income(a)	0.22	0.22	0.21	0.15	0.21	0.29
Net realized and unrealized gain (loss) on investments	<u>1.76</u>	<u>1.12</u>	<u>0.50</u>	<u>(0.15)</u>	<u>(0.31)</u>	<u>1.20</u>
Total gain (loss) from investment operations	<u>1.98</u>	<u>1.34</u>	<u>0.71</u>	<u>—</u>	<u>(0.10)</u>	<u>1.49</u>
Net position value, end of year	<u>\$ 12.68</u>	<u>11.92</u>	<u>11.15</u>	<u>10.18</u>	<u>10.25</u>	<u>11.43</u>
TOTAL RETURN	<u>18.50%</u>	<u>12.67%</u>	<u>6.80%</u>	<u>0.00%</u>	<u>(0.97%)</u>	<u>14.99%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net position at end of period (in thousands)	\$ 446,146	47,513	7,600	29,794	4,420	72,175
Ratio of expenses to average net position(b)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Ratio of net investment income to average net position	1.86%	1.89%	1.92%	1.46%	2.02%	2.59%

**SCHOLARSHARE COLLEGE SAVINGS PLAN
DIRECT-SOLD PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2013**

	Social Choice Portfolio	Index Bond Portfolio	Index U.S. Large Cap Equity Portfolio	Index U.S. Equity Portfolio	Principal Plus Interest Portfolio
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR					
Net position value, beginning of year	\$ 10.57	10.27	11.03	10.95	10.10
Gain (loss) from investment operations:					
Net investment income(a)	0.21	0.18	0.26	0.18	0.15
Net realized and unrealized gain (loss) on investments	2.37	(0.29)	1.98	2.16	—
Total gain (loss) from investment operations	2.58	(0.11)	2.24	2.34	0.15
Net position value, end of year	\$ 13.15	10.16	13.27	13.29	10.25
TOTAL RETURN	24.41%	(1.07%)	20.31%	21.37%	1.49%
RATIOS AND SUPPLEMENTAL DATA					
Net position at end of period (in thousands)	\$ 86,870	35,949	113,875	106,975	255,688
Ratio of expenses to average net position(b)	0.10%	0.10%	0.10%	0.10%	0.00%
Ratio of net investment income to average net position	1.80%	1.69%	2.13%	1.50%	1.49%

(a) Based on average units outstanding.

(b) Does not include expenses on Plan investments in the TIAA-CREF Funds and other non-proprietary mutual funds

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Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Trustee of the Golden State ScholarShare College Savings Trust:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Scholarshare College Savings Plan (the “Plan”), which comprise the Statement of Fiduciary Net Position as of June 30, 2013, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

September 24, 2013